

# **FISCAL MEMORANDUM**

## **HB 4144 – SB 4181**

May 12, 2008

### **SUMMARY OF AMENDMENTS (016601, 017539, 017629):**

Creates the *Long Term Care Community Choices Act of 2008* which revises the current long-term care system by creating a single point of entry, establishing a budget allowance for home- and community-based services (HCBS), establishing a one-time \$2,000 transition cost allowance, developing a level of care criteria for nursing facility admissions, establishing an acuity-based reimbursement methodology for nursing facility services, developing consumer-directed options for persons receiving HCBS. Requires the Commissioner of Finance and Administration to designate in each year's appropriations bill an amount of money to be used to increase access to HCBS in the Options program. Redefines "assisted-care living facility" and "assisted-care living facility resident." Removes oversight of TennCare long term care from the Select Committee on TennCare and creates the Select Oversight Committee on Long Term Care.

### **FISCAL IMPACT OF ORIGINAL BILL:**

MINIMAL

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Expenditures – Net Impact - \$4,170,000**

**\$2,810 Each One Day Meeting**

**(Funding of \$4,000,000 is included in the Governors FY08-09 Recommended Budget)**

Assumptions applied to amendments:

- According to the Bureau of TennCare, the average cost for HCBS is \$12,000 per year and the average cost for nursing facility care is \$48,000 per year.
- It is estimated that any reduction in expenditures due to the reduced cost of services will be offset by an increase in expenditures as a result of more individuals receiving services. The net impact of shifting to HCBS from nursing facility services will be not significant.

**HB 4144 – SB 4181**

- The one-time \$2,000 transition allowance will reduce the amount available for additional individuals to receive services. The net impact will not be significant.
- The Bureau of TennCare will not incur a significant increase in expenditures for administrative or program changes.
- There will not be a significant net impact in expenditures to shift to an acuity-based reimbursement methodology.
- According to the Bureau of TennCare, \$4,000,000 of the \$10,127,900 HCBS improvement included in the Governor's Recommended FY08-09 Budget is to increase the number of enrollees in the Options program which is 100 percent state funded.
- The Select Oversight Committee on Long Term Care will consist of ten members and will terminate at the adjournment of the regular session of the General Assembly convened in 2013. The General Assembly will have the authority to continue the Committee for five years by appropriate action during the regular session.
- According to the Office of Legislative Administration, the annual budget for the TennCare Oversight Committee, Select Committee on Children and Youth, and the Select Oversight Committee on Corrections is \$170,000. It is assumed the Select Oversight Committee on Long Term Care will have an executive director and an administrative assistant.
- Travel and per diem expenses for ten legislative members of \$2,810 per meeting (\$161 per diem plus \$120 mileage each).

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml